

## A CASE STUDY ON ASSETS AND GOING CONCERN IN PADDY CULTIVATION SYSTEMS IN THE NORTHERN REGION OF MALAYSIA

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### ABSTRACT

*This paper aims to contextualize and critically evaluate the assets used in paddy cultivation systems in the Northern region of Malaysia. Case study is employed to exhibit a vibrant theoretical and methodological approach for each process in paddy paddock preparation, paddy seeds plantation, paddy growing and caring, paddy harvesting time and paddy final delivery stage. The paper scrutinizes debit and credit accounting entries for all processes and found that fixed assets such as machinery, may not accurately assess the performance of the paddy farmer. Later, further analysis on going concern shows in paddock preparation and paddy harvesting phases the farmer utilizes the asset at the highest level of output and expense, whereas in paddy seeds plantation, paddy growing and caring, and paddy rice delivery phases, the farmer utilizes the asset at the minimum level of output and expense. Between cash, machinery, and inventory, the latter is found to have a very insignificant relationship with the measurement of the going concern of the paddy farmer.*

Keywords: paddy, assets, going concern, debit, credit, paddy cultivation systems

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### INTRODUCTION

In accounting, asset is necessary for the firm's going concern or the ability to operate continually without having to liquidate the business from the market (Anthony *et al.*, 2011). Without asset there is no commercialization on product and on innovations such as R&D, joint venture and strategic alliance. There are tangible assets and intangible assets, but the latter such as goodwill, patent, and copyrights could not present without the former. Cash, machinery equipment and inventory, are kinds of tangible assets which of vital importance for the company's operational and financial success. These three, especially cash is replaceable medium of exchange and widely use for any types of received income and paid expenses, ranging from salary, rental, insurance, commission, discount and procurement (American Accounting Association's Financial Accounting Standards Committee, 2008). Meanwhile, machinery equipment and inventory are operating factors for the determination of profit of the organization. Both are critical to produce finished goods to customers. Without them, a business could fail soon and loss to competitors.

This paper acknowledges paddy farmers knowledge in paddy fields may not come across as the most adventurous topic for accountants to investigate. For accountants, farmers who are planting the paddy are filled with experiences and countless stories of working on lands with seeds, pests, and diseases (Shahjahan *et al.*, 1990; Nur Ain Izzati Mohd Zainudin *et al.*, 2008; Saad and Habibuddin, 2010; Norela *et al.*, 2013). A much-used explanation is that paddy's going concern is influenced by temperature, soil, rainfall and regional economies, which is significantly controversial to accounting treatise. What could possibly be interesting about farmers' knowledge, whose thought are filled with custom based standard of practice, a kind of "experience" not "objective" knowledge? This paper aims to bridge the gap. The motivation is to contextualize and critically evaluate the assets used in paddy cultivation systems. This is because, as explained, asset is used on the basis to provide benefit to the business in the normal course of operation promoting going concern assumption.

The paper begins by describing a set of constraints established for the evaluation of the assets for paddy cultivation systems. These constraints are translated into debit and credit forms, matched with income and expense for going concern analysis. The paper then examines each components of assets, namely cash, machinery equipment and inventory, and match them with sales, subsidies, rentals, wages and operations following the format of accounting double entry bookkeeping. Finally, the paper discusses the findings and concludes with practical contributions to paddy industry.

### RESEARCH METHODOLOGY

Since debit and credit are the very foundation of accounting principle (Ijiri, 1982), the study deals with this foundation to form a basis for asset evaluation. The debit and credit provide a scheme on assets' possession of paddy farmers, from the interpretations of "increases" or "decreases". This is explained in Table 1 with increase (+) and decrease (-) signs.

Table 1. Types of Constraints based on Analysis on Asset

Asset (A)	Income (I)	Expense (E)	Constraints
+ Debit	- Credit		Type 1: Reduce asset in order to get another asset. Example, buying machinery and vehicle with cash
+ Debit	+ Credit		Type 2: Increase in asset due to increase in income. Example, selling paddy and receive cash, or increase inventory due to receive subsidies.
- Credit		+ Debit	Type 3: Asset is used to pay the increase of expense. Example, rent, wage, fuel, delivery service with cash

Two variables, income and expense, are added to signify that possession which show assets are constrained principally by the income and expense components. The constraints are subjected for a particular relationship. For asset and expense, debit indicates increase (+) and credit indicates decrease (-), whereas for income, credit indicates increase (+) and debit indicates decrease (-). The non-equal debit and credit for asset and income in their signs (i.e. + and -) is due to the rule of double entry, implying the movement condition of asset to income: Unlike expense which can be directly charged to asset, income is something sellable and as such the charge must be after the transformation or changes of asset.

Whilst presenting a movement position of assets, the study also uses income and expense to further analyze going concern issues. For this purpose, asset (A), income (I) and expense (E) are outlined as  $A = I - E$ . This equation is derived from two equations based on proprietary theory:

$$\begin{aligned} \text{Asset (A)} &= \text{Changes of Cash or Capital } (\Delta \text{ of C}) \dots\dots(i) \\ \Delta \text{ of C} &= \text{Income (I)} - \text{Expense (E)} \dots\dots(ii) \end{aligned}$$

Under this theory, asset is the “net worth” of the owner of the business. This is relevant as in paddy industry most farmers’ wealth is with a means “for a living<sup>1</sup>”, therefore asset is justified on the ground that changes in the cash or capital since it is cash (or capital) that is virtually identical to economic profit or benefit for paddy farmers. The interpretation of asset as “a resource controlled by the entity (the farmer) from which future benefits are expected to flow in” (Financial Accounting Standards Board, 1985) validates the point. Meanwhile, income and expense, are defined as “the gross inflows of economic benefits”, and “gross outflows incurred in generating revenues” (Financial Reporting Standards, 118 and International Financial Reporting Standards Framework, 83), respectively. The net value of  $I - E$  indicates the changes of cash or capital appropriately. The positive value of  $I - E$  indicates profit, the negative indicates loss.  $A = I - E$  thus explains whilst this equation leads to an expression (of the movement position of assets) assumed by a particular time period to which income and expense are matched, it serves to highlight three going concern issues:

1. The asset that is operating at a loss ( $I < E$ ) indicates that the farmer fails to achieve a primary goal of asset’s production (i.e.  $A < I$ ;  $A < E$ ) by operating at the below level of output where marginal income equals marginal expense.
2. The asset that is operating at a profit ( $I > E$ ) but at the condition of  $A < I$  and  $A < E$  indicates that the farmer utilizes the asset at the highest level of output and expense where marginal income above marginal expense.
3. The asset that is operating at a profit ( $I > E$ ) but at the condition of  $A < I$  and  $A > E$  indicates that the farmer utilizes the asset at the minimum level of output and expense although marginal income above marginal expense.

**RESEARCH EXAMINATION**

This study employs case study by visiting and interviewing all related paddy cultivation activities with interrelated accounts of personal assets, incomes and expenses. A respondent is 55 years old, Malay, married with 2 children, full time paddy farmer working with 15 owned- relongs and 5 rented-relongs. The respondent was selected from 155 Malay paddy farmers from Perlis whose primary and secondary school are their education level. The selection was done according to sales volume of paddy from both sessions, and the doing of recording of related assets, incomes and expenses. The respondent farmer had done the highest sales and was among the only 16.77% paddy farmers who had kept some records about paddy productions.

Examination on paddy farmer’s recording and unrecording accounts entail careful consideration and interpretation. In content and record analysis, especially involving accounting entries which strategy and accountability are defined and constructed, number of respondents is not significant (See for example, Manninen, 1993). What more important is the completeness and the availability of the information. In our visits and interviews, we found no complete accounting records have been in the practices

<sup>1</sup> Proprietary theory differs from entity theory. Although the latter is prominent in accounting literature, it suits not the non-corporations especially for individual farming when there is no separation of entity between the management of the business and the owner.

of all paddy farmers. This may be expected partly because of their education level, and partly because accounting is a remote discipline for them. The study therefore helps to encourage and demonstrate farmers on how to do the records and as such, the incomplete records of the respondent farmer were added and improved attained during the visit and interview.

Our examination went through five main paddy cultivation systems, namely paddy paddock preparation, paddy seeds plantation, paddy growing and caring, paddy harvesting time and paddy delivery. These five main cultivation systems would have different accounting records as a result of different time intervals for the occurred events. To facilitate the examination we rearticulate the farmer's unstructured records into double entry T account form. This form is constructed according to accounting rule emphasized in Table 1.

#### Accounting entries during Paddock Preparation Time

On the debit side of Cash Account is the income received by the farmer that he gained from the selling of paddy in the first session from December to Mac. On the credit side is the payment made by the farmer which consists of expenses of acquiring the machines, rental, wages and operations. Acquisition prices for water pump machine, grass-cutter machine and Chemical spraying machine are based on historical costs and are dated as XXX indicating the difficulties of the farmer to remember the time of the past happened transactions.

Debit		A/c Asset: Cash		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/4	Selling paddy 1 <sup>st</sup> session	14000	XXX	Bought: Water pump machine	1000
			XXX	Bought: Grass-cutter machine	480
			XXX	Bought: Chemical spraying machine	650
					<b>2130</b>
			10/4	Rent: Four-wheel tractor	3750
				Rent: 5 relongs	2000
					<b>5750</b>
			10/4	Wages-sowing of fertilizer	225
			10/4	The cleaning of borders, drains, and water irrigation controlling systems	225
			10/4	Wages- The removing of weeds	225
			10/4	Wages- The flattening of the ground	225
			10/4	Wages- The ploughing of the paddock	450
					<b>1350</b>
			10/4	Operation: Fuel for Machinery:	
				Fertilizer-sower machine	6
				Grass-cutter machine	6
			10/4	Operation: Fuel for Vehicle (motorcycle)	50
			10/4	Operation: Fertilizer delivery	75
					<b>131</b>
			30/4	Balance b/f	4639
		<b>14000</b>			<b>14000</b>
1/5	Balance cf	4639			

Sale Income Account and Asset Machines Account are both "resources" to farmer. The former is the resource for cash, and the latter is the resource with economic value that the farmer owns or controls with the expectation that it will provide future benefit.

Debit		A/c Sale Income		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
31/5	Transfer to profit/loss account	14000	31/5	Cash <sup>2</sup>	14000

<sup>2</sup> Sale for the first session was RM41,400. The amount is reduced based on the commitments, following an inquiry to majority of paddy farmers. In this study, Short Term Loan with PPK (Pertubuhan Peladang Kawasan) for RM571 per relong (RM571 x 15 relongs = RM8565), and RM18,835 overdraft with AgroCash were deducted from the Sale Income Account. Although these commitments may not happen to our respondent farmer, but most do. To neglect these commitments to that of paddy production breakdown, certainly is to limit the accounting analysis of Malaysian paddy farmers. Hence, the study includes the assumptions.

		<b>14000</b>			<b>14000</b>
<b>Debit</b>		<b>A/c Asset: Machines</b>		<b>Credit</b>	
Date	Remarks	Amount	Date	Remarks	Amount
XXX	Cash	2130	31/5	Balance bf	2130
		<b>2130</b>			<b>2130</b>
1/6	Balance cf	2130			

Unlike Sale Income Account, rents, wages and operations are expenses accounts that reduce the farmer's Cash Account. Like Sale Income Account, these expenses are transferred to profit/loss account, subjected for the above analysis of I (income) – E (expense).

<b>Debit</b>		<b>A/c Expense: Rents</b>		<b>Credit</b>	
Date	Remarks	Amount	Date	Remarks	Amount
10/5	cash	3750	31/5	<i>Transfer to profit/loss account</i>	5000
	cash	2000			
		<b>5000</b>			

<b>Debit</b>		<b>A/c Expense: Wages</b>		<b>Credit</b>	
Date	Remarks	Amount	Date	Remarks	Amount
10/5	Cash	1350	31/5	<i>Transfer to profit/loss account</i>	1350
		<b>1350</b>			

<b>Debit</b>		<b>A/c Expense: Operations (Fuel)</b>		<b>Credit</b>	
Date	Remarks	Amount	Date	Remarks	Amount
10/5	Cash	131	31/5	<i>Transfer to profit/loss account</i>	131
		<b>131</b>			

In paddy industry, subsidies – comprising of Sebastian Fertilizer, Urea Fertilizer, Weed-Removing Chemical, Rat Poison and Snail Poison – is classified as a kind of Income Account, expensed by Malaysian Government, to help paddy farmers. Similar to the above Sale Income Account which is a contra account of Cash Account, Subsidies Income Account is a contra account of Asset Inventory Account<sup>3</sup>, and the balance is transferred to profit/loss account for the analysis of I (income) – E (expense).

<b>Debit</b>		<b>A/c Subsidies Income: Operations</b>		<b>Credit</b>	
Date	Remarks	Amount	Date	Remarks	Amount
31/5	<i>Transfer to profit/loss account</i>	882	10/5	Inventory: Sebastian Fertilizer	300
				Inventory: Urea Fertilizer	150
				Inventory: Weed-Removing Chemical	300
				Inventory: Rat Poison	12
				Inventory: Snail Poison	120
		<b>882</b>			<b>882</b>

**Debit** **A/c Asset: Inventory** **Credit**

<sup>3</sup> A complete way of treatment is Debit Account Receivable, Credit Subsidies Account, and then reverse through Debit Inventory, Credit Account Receivable. The above is the treatment after the reversal.

Date	Remarks	Amount	Date	Remarks	Amount
10/5	Subsidies for Operations	882	31/5	Balance bf	882
		<b>882</b>			<b>882</b>

#### Accounting entries during Paddy Seeds Plantation

The second phase shows the cash balance is now reduced to RM2,979. At this stage, wages and operations are the main expenses for the farmer. This is due to the fact that a lot of setting up works had been done in the paddock preparation phase and seeds plantation are in need for a consistent amount of organic fertilizer and rat poison with good water management, which requires full labour and operations commitment.

Debit		A/c Asset: Cash		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/6	Balance cf	4639	1/6	Wages-sowing of fertilizer	225
			1/6	Wages-applying rat chemical poison	300
			1/6	Wages-sowing of seeds	225
					<b>750</b>
			2/6	Operation: Paddy seeds	900
				Fuel for Water pump	10
					<b>910</b>
		<b>4639</b>	30/6	Balance bf	2979
1/7	Balance cf	2979			<b>4639</b>

Debit		A/c Expense: Wages		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
	Cash	750		<i>Transfer to profit/loss account</i>	750
		<b>750</b>			<b>750</b>

Debit		A/c Expense: Operations		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/6	cash	910	30/6	<i>Transfer to profit/loss account</i>	910
		<b>910</b>			<b>910</b>

At this point, farmer still receives subsidies from the government, and the organic fertilizer is recorded as a contra account of inventory asset.

Debit		A/c Subsidies Income: Operations		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
30/6	<i>Transfer to profit/loss account</i>	450	1/6	Inventory: Organic Fertilizer	450
		<b>450</b>			<b>450</b>

Debit		A/c Asset: Inventory		Credit	
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Date	Remarks	Amount	Date	Remarks	Amount
	Subsidies for Operations	450	30/6	Balance bf	450
		<b>450</b>			<b>450</b>

#### Accounting entries during Paddy Growing and Caring

The third phase shows only wages appeared to be the expenses for the farmer. This happened as the received subsidies of weed-removing chemical, rat poison, snail poison, fungus chemical, sebatian fertilizer and urea fertilizer require labours entirely to work with. The main course for this stage is to eliminate sources of pests and diseases of paddy output.

Debit		A/c Asset: Cash		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/7	Balance cf	2979	1/7	Wages-sowing of fertilizer	225
				Wages-applying rat chemical poison	300
					<b>525</b>
			31/7	Balance bf	2454
		<b>2979</b>			<b>2979</b>
1/8	Balance cf	2454			

Debit		A/c Expense: Operations		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/7	Cash	525	31/7	Transfer to profit/loss account	525
		<b>525</b>			<b>525</b>

Debit		A/c Subsidies Income: Operations		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
31/7	Transfer to profit/loss account	1242	1/7	Inventory: Weed-Removing Chemical	300
				Inventory: Rat Poison	12
				Inventory: Snail Poison	120
				Inventory: Fungus chemical	360
				Inventory: Sebatian fertilizer	300
				Inventory: Urea fertilizer	150
		<b>1242</b>			<b>1242</b>

Debit		A/c Asset: Inventory		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/7	Subsidies for Operations	1242	30/6	Balance bf	1242
		<b>1242</b>			<b>1242</b>

#### Accounting entries during Time for Harvesting

The fourth phase records no progressive activities. Expenses took from Cash Account include wages and rental of machinery for paddy harvest. No subsidies received at this stage.

Debit		A/c Asset: Cash		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/8	Balance cf	2454	1/8	Wages-harvest	225
				Rent: Machinery	1425
					<b>1425</b>
			30/8	Balance bf	804

1/9	Balance cf	2454 804			2454
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Debit		A/c Expense: Wages		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/8	Cash	225		<i>Transfer to profit/loss account</i>	225
		<b>225</b>			<b>225</b>

Debit		A/c Expense: Rents		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/8	Cash	1425		<i>Transfer to profit/loss account</i>	1425
		<b>1425</b>			<b>1425</b>

#### Accounting entries during Paddy Rice Delivery

The final phase is the stage where farmers trade the rice to corporatives that the Malaysian Government has licenced to sell and distribute paddy rice to registered rice processing plants. For this paddy rice delivery, the farmer incurs labour and transport expenses. Here, as shown, the income received for the second session for the respondent farmer is RM34,500.

Debit		A/c Asset: Cash		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
30/9	Balance cf	804	1/9	Wages-selling paddy	180
	Selling paddy 2 <sup>nd</sup> session	34500	1/9	Rent-lorry	540
		<b>35304</b>	30/9	Balance bf	34584
1/10	Balance cf	34584			<b>35304</b>

Debit		A/c Sale Income		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
30/9	<i>Transfer to profit/loss account</i>	34500	1/9	Cash	34500
		<b>34500</b>			<b>34500</b>

Debit		A/c Expense: Wages		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/9	Cash	180	30/9	<i>Transfer to profit/loss account</i>	180
		<b>180</b>			<b>180</b>

Debit		A/c Expense: Rents		Credit	
Date	Remarks	Amount	Date	Remarks	Amount
1/9	Cash	540	30/9	<i>Transfer to profit/loss account</i>	540
		<b>540</b>			<b>540</b>

#### RESEARCH FINDINGS

Below we summarize the findings from the equation  $A = I - E$  based on the above double entry bookkeeping rule. Table 2 shows in the first three left columns, Asset Cash + Asset Inventory + Asset Machinery = A, meanwhile the second and the third columns in right side shows, Subsidy Income + Sale Income = I. We found Type 1 constraint is more than 1 for paddock preparation in comparison to the other paddy operations. This indicates the reduction of asset in order to get another asset happened to be significant in the early paddy operations. Expenses incurred during this stage is larger than other stages. All three kinds of expenses; wages, rentals, and operations are very substantial in this stage. Similarly, type 2 constraint shows the same value of more than 1 for paddock preparation stage. Subsidy Income and Sale Income cause asset increases to function as beginning capital for the farmer. Although Subsidy Income is highest in paddy growing and caring phase, the Sale Income value is further decreasing due to continuous spending of cash on expenses. Type 3 constraint shows that the value is differ in all phases of paddy operations. The value is at peak at paddy harvesting, followed by paddock preparation, paddy seeds plantation, paddy growing and caring, and paddy delivery, respectively.

Table 2. Asset analysis

<b>Paddock Preparation</b>							
Cash + 14000 - 9361	Inventory + 882	Fixed asset + 2130	=	subsidy +882	Sale + 14000	-	Expense (5750 + 1350 +131)
7651			=	7651			
<b>Type 1</b>			=	9361/7231 = 1.29			
<b>Type 2</b>				17012/14882 = 1.14			
<b>Type 3</b>				17012/7651 = 2.22			
<b>Paddy Seeds Plantation</b>							
Cash + 4639 - 1660	Inventory + 450	Fixed asset +0	=	subsidy +450	Sale + 4639	-	Expense (750 + 910)
3429			=	3429			
<b>Type 1</b>			=	1660/1660 = 1.00			
<b>Type 2</b>				5089/5089 = 1.00			
<b>Type 3</b>				5089/3429 = 1.48			
<b>Paddy Growing and Caring</b>							
Cash + 2979 - 525	Inventory + 1242	Fixed asset +0	=	subsidy +1242	Sale + 2979	-	Expense (+ 525)
3696			=	3696			
<b>Type 1</b>			=	525/525 = 1.00			
<b>Type 2</b>				4221/4221 = 1.00			
<b>Type 3</b>				4221/3696 = 1.14			
<b>Paddy Harvesting</b>							
Cash + 2454 - 1650	Inventory + 0	Fixed asset +0	=	subsidy +0	Sale + 2454	-	Expense (+ 225 + 1425)
804			=	804			
<b>Type 1</b>			=	1650/1650 = 1.00			
<b>Type 2</b>				2454/2454 = 1.00			
<b>Type 3</b>				2454/804 = 3.05			
<b>Paddy Rice Delivery</b>							
Cash + 804 + 34500 - 720	Inventory + 0	Fixed asset +0	=	subsidy +0	Sale + 804 + 34500	-	Expense (+ 180 + 540)
34584			=	34584			
<b>Type 1</b>			=	720/720 = 1.00			
<b>Type 2</b>				35304/35304 = 1.00			
<b>Type 3</b>				35304/34584 = 1.02			

This finding proves that Asset Machinery or Fixed Asset may not accurately assess the performance of the paddy farmer. Activities in paddock preparation phase is more complicated than in paddy harvesting, actually. It involves the cutting down of paddy stump, the building and repairing of paddy water irrigation, the removal of weeds, the cleaning of borders, drains, and water irrigation controlling systems, the flattening of ground, the sowing of lime, and the ploughing of the paddock. Thus, the highest value in Type 3 constraint analysis for paddy harvesting indicates that it is not owning or renting the machinery the most important for farmers. The ability of subdividing the expenses proportionately in all fixed asset is more important for paddy farmer.

The second finding, from going concern perspective, provides a better picture of paddy farmer performance. Table 3 shows paddock preparation and paddy harvesting have meet  $A < I$  and  $A < E$  conditions. This indicates these two phases are when the farmer utilizes the asset at the highest level of output and expense. For paddy seeds plantation, paddy growing and caring, and paddy rice delivery, the farmer utilizes the asset at the minimum level of output and expense as shown by  $A < I$  and  $A > E$  conditions.

Table 3. Going concern analysis

<b>Paddock Preparation</b>							
Cash 4639	Inventory 882	Fixed asset 0	=	subsidy 882	Sale 14000	-	Expense <b>(9361)</b>
5521			=	5521			
<b>Operating status</b>			=	<b>I &gt; E</b>			
<b>GC 1</b>				<b>A &lt; I</b>			
<b>GC 3</b>				<b>A &lt; E</b>			
<b>Paddy Seeds Plantation</b>							
Cash 2979	Inventory 450	Fixed asset 0	=	subsidy 450	Sale 4639	-	Expense <b>(1660)</b>
3429			=	3429			
<b>Operating status</b>			=	<b>I &gt; E</b>			
<b>GC 1</b>				<b>A &lt; I</b>			
<b>GC 2</b>				<b>A &gt; E</b>			
<b>Paddy Growing and Caring</b>							
Cash 2454	Inventory 1242	Fixed asset 0	=	subsidy 1242	Sale 2979	-	Expense <b>(525)</b>
3696			=	3696			
<b>Operating status</b>			=	<b>I &gt; E</b>			
<b>GC 1</b>				<b>A &lt; I</b>			
<b>GC 2</b>				<b>A &gt; E</b>			
<b>Paddy Harvesting</b>							
Cash 804	Inventory 0	Fixed asset 0	=	subsidy 0	Sale 2454	-	Expense <b>(1650)</b>
804			=	804			
<b>Operating status</b>			=	<b>I &gt; E</b>			
<b>GC 1</b>				<b>A &lt; I</b>			
<b>GC 3</b>				<b>A &lt; E</b>			
<b>Paddy Rice Delivery</b>							
Cash 34584	Inventory 0	Fixed asset 0	=	subsidy 0	Sale 35304	-	Expense <b>(720)</b>
34584			=	34584			
<b>Operating status</b>			=	<b>I &gt; E</b>			
<b>GC 1</b>				<b>A &lt; I</b>			
<b>GC 2</b>				<b>A &gt; E</b>			

## CONCLUSION

This paper attempts to make three contributions to the literature. The first is a prescribed formula from the perspectives of both asset and going concern. In accounting, asset and going concern issues are the very critical success factors to business. The paper found asset especially machinery and inventory insignificantly reflect the “flows” that express “changes” in paddy farmer’s wealth. As a consequence, the paper proposes the treatment of assets in paddy such as depreciation for machinery and the evaluation of stock for inventory should not be similar with the other agricultural industries. The second is on our transformation of farmer’s accounting items in the forms of double entry T account that facilitate a guideline for a better analysis of asset and going concern. Should paddy farmers not consider double entry bookkeeping as important for them, analysis can hardly be difficult and consistent. The recording of a contra account provides a causal reasoning “cause and effect” breakdown (Ijiri, 1989). For example, the expenses of wages, rentals and operations and their contra account Cash Account for credit side and the Sale Income Account and its contra account Cash Account for debit side, explains that in order to get money from selling the rice the farmer should sacrifices some monies to pay rent, labour, and fuel oil. This cause and effect transaction leads to find a “reason” for the increase in paddy production later on. The third is positioning this case study into the larger context of paddy production activities. The paper found the five main paddy cultivation systems labelled as paddy paddock preparation, paddy seeds plantation, paddy growing and caring, paddy harvesting time and paddy delivery have all been constrained in the way in which asset, particularly cash, is attributed to expenses. A good recipe with a right combination of A, I and E must be made between these five phases to meet going concern objective.

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